

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AGR-10 EB-07 COME-00 TRSE-00 H-02 RSC-01

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FM AMEMBASSY MADRID

TO SECSTATE WASHDC 696

INFO AMCONSUL BARCELONA

UNCLAS MADRID 7949

E.O. 11652: N/A

TAGS: BDIS SP

SUBJECT: SPANISH EXPORT EMBARGO ON FERTILIZER

REF STATE 273843

1. AT TELEX REQUEST OF ONE ALFRED FRANKEL OF ICD GROUP, EMBOFF MET WITH REPRESENTATIVES OF SOCOMEX AND SUBSEQUENTLY WITH OFFICIAL OF MINISTRY OF COMMERCE. SOCOMEX PEOPLE ATTEMPTED PERSUADE EMBASSY TO INTERVENE AT HIGH LEVEL GOS IN ORDER TO OBTAIN RELEASE UREA FERTILIZER EXPORTS WHICH THEY CLAIMED HAD BEEN SUSPENDED BY GOS REVOCATION OF EXPORT LICENSES.

2. MIN COMMERCE OFFICIAL FROM WHOM EMBASSY SOUGHT INFORMATION EXPLAINED MATTER AS FOLLOWS: SOCOMEX HAD BEEN ISSUED VALID EXPORT LICENSES AUTHORIZING EXPORT OF 14,000 TONS NON-FERTILIZER UREA TO BELGIUM, SOUTH AFRICA AND WESTERN GERMANY. CUSTOMS CLASSIFICATION UNDER WHICH LICENSES SOUGHT AND ISSUED SPECIFICALLY EXCLUDED UREA FOR USE AS FERTILIZER HAVING BEEN CHANGED TO PROVIDE FOR THIS EXCLUSION SOME THREE YEARS AGO. IN SHORT, SOCOMEX HELD VALID EXPORT LICENSES FOR A COMMODITY OTHER THAN THE ONE WHICH IT PROPOSED TO EXPORT. IN AUGUST, ACCORDING TO MIN COMMERCE OFFICIAL, GOS HAD DECIDED TO PROHIBIT EXPORT OF UREA FERTILIZER SINCE THIS WAS IN INCREASINGLY SHORT DOMESTIC SUPPLY. WHEN CUSTOMS OFFICIALS IN BARCELONA ASCERTAINED

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THAT SOCOMEX INTENDED TO EXPORT UREA UNDER ERRONEOUS CUSTOMS

CLASSIFICATION PERMISSION TO REMOVE THE SHIPMENT WAS
SUSPENDED ALTHOUGH EXPORT LICENSES NOT ACTUALLY REVOKED.
AS THE GOS IS NOT PREPARED TO LICENSE EXPORT OF UREA
FERTILIZER, THERE THE MATTER STANDS.

3. SOCOMEX HAD EARLIER SOUGHT INTERVENTION BY SOUTH
AFRICAN EMBASSY WITH RESULTS IDENTICAL TO ABOVE. IN THAT
CASE, NO MENTION WAS MADE OF ANY AMERICAN INVOLVEMENT.

4. GOS APPEARS TO HAVE ACTED CLEARLY WITHIN ITS RIGHTS,
PARTICULARLY AS SOCOMEX HAD MISREPRESENTED IDENTITY OF
INTENDED EXPORT AND BEST COURSE FOR ICD WOULD APPEAR TO BE
TO SEEK LEGAL COUNSEL AS TO ITS POSITION UNDER TERMS
CONTRACT WITH SOCOMEX. IT IS OUR UNDERSTANDING THAT GOS
HAS DECIDED NOT TO LICENSE EXPORT OF NITROGENOUS FERTILIZERS
BECAUSE OF DOMESTIC SUPPLY SITUATION ALTHOUGH NO FORMAL
ANNOUNCEMENT ISSUED AND IT IS HIGHLY UNLIKELY THAT SOCOMEX
SHIPMENT WOULD BE MADE AVAILABLE FOR EXPORT ANY TIME IN
THE NEAR FUTURE.
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